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Future of the Balkans and U.S. Policy Concerns

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Steven Woehrel
Specialist in European Affairs
Foreign Affairs, Defense, and Trade Division

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Summary

The United States, its allies, and local leaders have achieved substantial successes in the Balkans since the mid-1990s. The wars in the region have ended, and all of the countries are undertaking political and economic reforms at home and orienting their foreign policies toward Euro-Atlantic institutions. However, difficult challenges remain, including resolving issues of political status, especially the status of Kosovo; breaking up the power of political-criminal groups; enforcing the rule of law; bringing war criminals to justice; and reforming the economies of the region.

The current goal of the international community in the Balkans is to stabilize the region in a way that is self-sustaining and does not require direct intervention by NATO-led forces and international civilian officials. Relatedly, the United States is seeking to reduce the costs of its commitments to the region, in part due to competing U.S. and international priorities, such as the war on terrorism, and efforts to stabilize Iraq and Afghanistan, which have placed strains on U.S. resources. SFOR and KFOR, the NATO-led peacekeeping force in Bosnia and Kosovo, have been rapidly reduced, raising the question what impact the withdrawals will have on the region's stability. In December 2004, SFOR's mission was concluded and the European Union took over peacekeeping duties in Bosnia. A few hundred U.S. troops remain in Bosnia to assist Bosnian defense reforms and fight terrorism. Large-scale anti-Serb riots in Kosovo in March 2004 called into question the adequacy of KFOR and U.N. efforts to promote security and stability in Kosovo.

Since the September 11, 2001 attacks on the United States, the war on terrorism has been the United States' main foreign policy priority, including in the Balkans. Before September 11, Al Qaeda supporters operated from Bosnia and Albania. However, the Administration has said that these countries and others in the region have "actively supported" the war on terrorism, shutting down terrorist front organizations and seizing their assets. Although their efforts are hampered by the weakness of local government institutions, U.S. anti-terrorism efforts in the Balkans are aided by U.S. military and intelligence assets in the region, as well as a reservoir of good will among local Muslims of all ethnic groups.

Congress has played an important role in shaping U.S. Balkans policy. Some Members supported Clinton Administration efforts to intervene to stop the fighting in the region, while others were opposed. Members were leery of an open-ended commitment to the region, and sought to contain these costs through adoption of benchmarks and limiting U.S. aid and troop levels to the region to about 15% of the amounts provided by all countries. The end of the wars in the Balkans and the shift in U.S. priorities in the wake of the September 11 attacks has moved the Balkans to the periphery of Congressional concerns, at least when compared to the situation in the 1990s. However, the 109th Congress may have an important impact in such areas as conditioning some U.S. aid to Serbia on cooperation with the International Criminal Tribunal for the Former Yugoslavia, and contributing to the international debate on Kosovo's future status.

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Future of the Balkans and U.S. Policy Concerns

Introduction: Are the Balkans Still Important to the United States?

The United States and the international community have achieved substantial successes in the Balkans since the mid-1990s. The wars in the former Yugoslavia have ended, and all of the countries are undertaking political and economic reforms at home and orienting their foreign policies toward Euro-Atlantic institutions. Noting the relative stability of the Balkans at present, some skeptics doubt that the United States still has vital security interests in the Balkans that warrant the investment of U.S. forces. Given the increasing strain on U.S. forces due to deployments in Afghanistan, Iraq and elsewhere, they argue that the United States should accelerate the process of turning over responsibility for the region to the Europeans, who have a greater stake in the region's stability.

Advocates of continued U.S. engagement in the Balkans point out that both the Clinton and Bush Administrations have stated that ensuring the stability of the Balkans is an important part of a U.S. vital interest in securing a Europe whole, free and at peace. They say the United States needs to finish the job of consolidating peace in the Balkans and that a premature U.S. pullout from the region could cause the current positive trends in the region to unravel. They note that the United States has strong political credibility in the region, which the Europeans lack. In addition, the region may have a higher strategic profile given possible plans to shift U.S. troops from Western Europe to new NATO members Romania and Bulgaria, for operations in the Middle East. Proponents of continued U.S. engagement also say that a U.S. presence is needed to uproot terrorist networks in the region.

Current Challenges in the Region

Political Status Issues

The wars of the 1990s were ostensibly fought over the political status and borders of the successor states of the former Yugoslavia, and at least two of these issues remain unresolved.

Kosovo. Perhaps the most difficult status issue involves Kosovo. The future status of Kosovo will be determined by the U.N. Security Council, as set down in UNSC Resolution 1244. However, the resolution provides very little detail on the issue, saying only that Kosovo's status should be determined by an unspecified "political process." UNSC Resolution 1244 explicitly confirms the territorial

integrity of the Federal Republic of Yugoslavia (which consisted of Serbia and neighboring Montenegro) and calls for “substantial autonomy” for Kosovo “within the Federal Republic of Yugoslavia.” The province’s Constitutional Framework, a constitution imposed by the U.N. Mission in Kosovo (UNMIK) after consultation with local representatives, adds that this political process “shall...take into account all relevant factors, including the will of the people.”¹

The overwhelming majority of ethnic Albanians in Kosovo (who make up over 90% of the province’s population) favor independence for the province. The Serbian minority in Kosovo (under 10% of the population) and the Serbian government want the province to remain part of Serbia. Kosovo’s independence is also opposed by virtually the entire international community, including United States and other Western countries, as well as by all of Kosovo’s neighbors, except Albania. They fear that an independent Kosovo could destabilize the region by encouraging separatist ethnic Albanian forces in Macedonia, as well as Serbia’s Presevo Valley, where many ethnic Albanians live. Some also fear international support for Kosovar independence could undermine the democratic leadership in Belgrade and strengthen extreme nationalists.

The current consensus in the international community on the status issue, as laid out by UNMIK, has been dubbed “standards before status.” According to this policy, Kosovo’s institutions and society must achieve certain standards, including democratization, the rule of law and respect for ethnic minorities, before the issue of Kosovo’s final status is discussed. Kosovar Albanians have expressed opposition to this approach, which they believe is designed to delay their aspirations for independence indefinitely. UNMIK has transferred some of its responsibilities to the Kosovo government but the Kosovars assert that the Constitutional Framework does not give them enough authority to achieve the benchmarks, especially in the area of law and order.

In November 2003, U.S. Under Secretary of State Marc Grossman announced, with the support of the other members of the international Contact Group (Britain, France, Germany, Italy, and Russia), a formal review in mid-2005 on Kosovo’s progress toward meeting the standards. If in the judgement of the Contact Group, the U.N. Security Council, and other interested parties, this progress is “sufficient,” a process to determine the province’s status may begin.

The international policy of “standards before status” was called into question by widespread ethnic Albanian riots against Serbs in Kosovo on March 17-18, 2004, the worst inter-ethnic violence since the end of the 1999 Kosovo war. Ethnic Albanian crowds attacked several ethnic Serb enclaves as well as international security forces trying to control the rioters. Nineteen civilians were killed in the attacks, more than 900 persons were injured, and over 4,000 were forced from their homes. UNMIK also reported that the riots resulted in the destruction of or serious damage to about 30 churches and monasteries, 800 houses, and 150 vehicles.

¹ Text of the Constitutional Framework, UMIK website, [<http://www.unmikonline.org>].

The March 2004 events underlined both how far Kosovo is from meeting the standards and the frustration of Kosovo Albanians over what they see as the temporizing of the international community on the status question. Observers fear that this situation, coupled with the exposure of UNMIK and KFOR's vulnerabilities during the riots, may set the stage for further explosions in the future.

In the wake of the March 2004 events, U.N. Secretary General Kofi Annan asked Norwegian diplomat Kai Eide to submit recommendation for future U.N. policy in Kosovo. Eide's report, submitted to the Security Council in August 2004, said that the standard before status policy "lacks credibility" in the wake of the March events. He called for a "dynamic priority-based standards policy." The new policy would focus on making rapid progress in a few key areas (mainly dealing with ensuring minority rights) with a view toward opening early negotiations on Kosovo's status. Eide claimed such negotiations could not be put off much longer, given ethnic Albanian frustration over their current poverty and lack of clarity on their future. Eide also called for a rapid shift of additional competencies from UNMIK to the Kosovo government.

However, perhaps reflecting some concerns among many countries in the Security Council about moving too rapidly on the status issue, Secretary General Annan responded to the Eide report by saying that the U.N. would continue to support the "standards before status" policy. However, Annan did call for focus on priority areas within the standards and for giving greater powers to the Kosovo government, as the Eide report suggested.² UNMIK and the Kosovo government are working closely to accelerate implementation of the most important standards, while in early 2005, the Contact Group and the Security Council will provide interim evaluations of the success of that implementation before the formal review occurs in the middle of the year. If the formal review is positive, final status discussions may begin soon thereafter. Observers believe that a negative evaluation at the formal review, or a lengthy delay in opening final status discussions for any other reason, could lead to a deterioration of relations between the international community and the Kosovo Albanians, perhaps even to a resumption of violence.

In April 2004, the Serbian parliament approved a "decentralization" plan for Kosovo. The plan would set up autonomous Serb regions in northern Kosovo, similar in some ways to the current division of Bosnia into "entities" under weak central control. Under the proposal, Serbian-majority areas in Kosovo would be controlled by local Serb authorities, with their own police. Ethnic Albanian authorities would control the rest of the province, although Serbs in those areas would have personal and cultural autonomy, and Kosovo as a whole would remain part of Serbia. Such a plan would have the benefit, from Belgrade's point of view, of consolidating its control over northern Kosovo, where most Serbs remaining in the province now live, and where important economic assets, such as the Trepca mining complex, are found. Ethnic Albanian leaders strongly oppose the Serbian plan for

² For a text of the Eide report and Secretary General Kofi Annan's recommendations to the Security Council, see U.N. document S/2004/932, November 30, 2004, on the U.N. website at [<http://www.un.org/Docs/sc>].

these very reasons. International officials fear such a proposal could spark renewed violence, particularly in contested areas as Mitrovica, in northern Kosovo.³

Given the terms of UNSC Resolution 1244, the international community will play a key role in determining Kosovo's future. It could attempt to continue the current situation (international control, nominal Serbian sovereignty) indefinitely by maintaining a long-term, if diminishing, military and civilian presence in Kosovo, at the risk of increasingly alienating the ethnic Albanian population, possibly resulting in additional violence by ethnic Albanian extremists.

On the other hand, the international community could hold out the possibility of independence for Kosovo, conditioned on the achievement of clearly-defined benchmarks by the Kosovo government within the next few years. Such a policy would likely provoke an outcry in Serbia, possibly undermining the position of democratic leaders there. However, some Belgrade politicians have reportedly privately viewed Kosovo as lost to Serbia in the long run, given the overwhelmingly ethnic Albanian population there.⁴ It is possible that the prospect of conditional independence for Kosovo could lead Belgrade to bargain over the terms of that independence, perhaps asking for autonomy for Serbian-dominated areas of northern Kosovo, guarantees for the remaining ethnic Serb minority elsewhere in Kosovo, and compensation for Serbian property in the province. Possible efforts by Serbian leaders to call into question the status of the Republika Srpska within Bosnia as part of a Kosovo deal are likely to be rejected by the international community. In these circumstances, ethnic Albanians in Kosovo would have to commit themselves to shutting down extremist groups that could cause instability in southern Serbia and Macedonia, and to renounce unification with Albania.

Serbia and Montenegro. In February 2003, the Federal Republic of Yugoslavia was dissolved and a new, much looser relationship was formed between its two constituent republics, Serbia and Montenegro. The new arrangement was brokered by the European Union in 2002 to head off efforts of Montenegrin leaders to declare their republic's independence. However, the constitutional charter has not completely eliminated this issue; it permits the parties to secede from the union in three years. The European Union, supported by the United States, has opposed Montenegro's independence because they believe that it could provoke instability in Montenegro (where polls have shown independence is supported by a slender majority of about 55%) as well as elsewhere in the region.

A large part of the concern about Montenegrin independence is the possible effect on the situation in Kosovo. The union's Constitutional Charter describes Kosovo as part of Serbia, a provision that has been denounced by Kosovar Albanians. Kosovar Albanians claim that since the FRY no longer exists, Kosovo can no longer be considered part of it according to UNSC Resolution 1244, and is therefore free to

³ For more on Kosovo, see CRS Report RL31053, *Kosovo and U.S. Policy*, by Steven Woehrel and Julie Kim.

⁴ Tanja Matic and Zeljko Cvijanovic, "Serbia: Kosovo Document Less Than It Seems," IWPR Balkan Crisis Report, no. 456, August 29, 2003.

become independent. Serbia claims that the deal between Serbia and Montenegro demonstrates international opposition to Kosovo's independence.⁵

The future of the Serbia and Montenegro union is unclear. One important factor in determining its fate will be the political climate in Montenegro over the next few years. The current leadership, headed by Prime Minister Milo Djukanovic, has based a substantial part of its public support on its pro-independence stand, arguing that independence will bring greater prosperity for Montenegro. This approach gained credibility during the Milosevic era, due to the fact that many pro-Belgrade forces were also anti-reform. However, Djukanovic and his supporters have been tarnished in the past year by slow progress in reforms and a series of scandals. Pro-reform forces could emerge that may downplay the independence issue. Independence could also lose favor as an option if the European Union continues to insist on closer economic links with Serbia as a condition for possible EU membership.⁶ On the other hand, if pro-independence forces maintain support and the EU shifts to a less hostile position on Montenegrin independence (perhaps in the case of a resolution of the Kosovo status issue), Montenegro could become an independent country as early as 2006.

Establishing Democracy and the Rule of Law

The domestic political situation in the Balkan countries has improved in recent years. All the countries in the region have held largely free and fair elections. In Croatia and Serbia, semi-authoritarian nationalist regimes were removed from power peacefully in 2000. Countries in the region have undertaken efforts to redraw their constitutions along more democratic lines. However, serious problems remain. The legitimacy of democratic institutions is challenged by the weakness of government structures, slow progress toward the rule of law, corruption, and organized crime. As in other transition countries in Central and Eastern Europe, part of this problem is due to the Communist heritage of the region. However, an even more serious obstacle, particularly in the cases of Bosnia, Serbia and Kosovo, is the power of political-criminal groups, often associated with war criminals and local security services. These groups played a key role in igniting the wars in the Balkans and became much stronger because of them. In addition to retarding progress in democratization and the rule of law, these groups also raise ethnic tensions by acts of violence against minorities and engage in trafficking in persons, drugs and weapons.⁷

The murder of Serbian Prime Minister Zoran Djindjic in March 2003 was the most dramatic example of the seriousness of this threat to the region's stability. Although the Serbian government arrested many persons associated with the plot, it

⁵ For more on the Serbia and Montenegro relationship, see CRS Report RS21568, *Serbia and Montenegro Union: Prospects and Policy Implications*, by Julie Kim.

⁶ Boris Darmanovic, "Third Force Emerges in Montenegrin Politics," IWPR Crisis Report, No. 465, October 23, 2003.

⁷ Council on Foreign Relations, *Balkans 2010: Report of an Independent Task Force*, December 2002, at [<http://www.cfr.org>].

is not clear that it has dealt fully with the issues of fighting organized crime and corruption, as well as security services reform. The international community has moved against such groups in Bosnia and Kosovo, reducing their economic resources and access to political offices, but they remain powerful. One of the most important steps taken by the international community in this regard is the capture and prosecution of alleged war criminals, although many remain at large. Failure to bring war criminals to justice undermines the rule of law and provides a boost to criminals and nationalist extremists. However, local courts have made only tentative steps to take up war crimes cases against persons of their own ethnic groups.⁸

While the international community has provided large amounts of aid to strengthen local institutions and the rule of law, it may also itself be responsible for some of the problems. Some analysts view the decentralized political system of Bosnia, a product of post-war political compromise, as unworkable, and advocate the strengthening of central government institutions. In both Bosnia and Kosovo, international officials frequently impose policies from above, perhaps fostering a culture of dependency and political irresponsibility among local elites. Given these problems, the region's transition to democracy and the rule of law is likely to be lengthy and difficult.⁹

In Bosnia and Kosovo, international officials have pursued a policy of intensifying reforms from above in the short run, in order to lay the basis for local leaders to continue them as the international role declines. However, it is unclear whether these reforms will have a sufficient political constituency to maintain their momentum when international forces are pulled out. As in the case of the countries of the former Soviet bloc, where reforms have unfolded slowly and inconsistently, there appear to be no easy answers to these issues. The international community may need to continue to provide conditional assistance for reforms and the perspective of integration into Euro-Atlantic institutions if it wants to encourage a stable, long-term political consensus for reform.

Economic Reform and Improving Living Standards

The economies of the region face the double burden of a Communist legacy as well as well as continued resistance to reforms and economic transparency by local leaders. Some of the region's economic problems are closely related to its political problems. Weak and corrupt state structures have been an obstacle to rationalizing tax and customs systems to provide adequate revenue for social programs and other government functions. The absence of the rule of law has hampered foreign investment in some countries due to a lack of transparency in the privatization process and concern over the sanctity of contracts. In Bosnia, the presence of two "entities" has hindered the development of a single market in that country.

⁸ Rachel S. Taylor, "Devolving War Crimes Justice," IWPR Tribunal Update, No. 324, September 10, 2003.

⁹ International Crisis Group, "Bosnia's Nationalist Governments: Paddy Ashdown and the Paradoxes of State-Building," July 22, 2003, at the ICG website [<http://www.crisisweb.org>] accessed on October 30, 2003.

Privatization in Kosovo has been slowed by uncertainty over ownership of assets, which is a reflection of uncertainty over the province's future status.¹⁰

Substantial progress has been made in economic reforms in some countries, particularly in Croatia and Serbia. Fiscal and monetary austerity, with the assistance of international financial institutions, has permitted many countries to reduce inflation and stabilize their currencies. Serbia has embarked on rapid privatization of its industries and begun to reform its weak banking sector, a common problem in the region. However, many companies in the region are in poor shape, in part due to mismanagement by former Communist and nationalist regimes. Painful decisions have to be made to shutter uncompetitive companies, which would aggravate an already severe problem of unemployment. For example, unemployment in Bosnia is over 40% and in Kosovo is around 50%, although the presence of the informal economy probably means that this is an overstatement.¹¹ A particularly vulnerable group, especially in Bosnia and Serbia, is the large population of refugees and displaced persons. Refugees who return to their homes face economic problems of their own, such as a lack of jobs and social services. This has meant that a substantial proportion of those who have returned are older persons living on a pension.

Declining international assistance to the Balkans has had a negative impact on the economies of the region, particularly in Bosnia and Kosovo. These economies have been highly dependent not only on aid itself, but on the spending of international officials and organizations in the region. Although positive signs have emerged in recent years, the economic challenges faced by the countries of the region mean that a decade or more could be required before the poorer countries approach living standards closer to those of EU countries. As in the case of political reform, which is closely linked to successful economic reform, a long-term international commitment of aid and advice may be required to build and maintain a local consensus for often painful measures. Perhaps an even greater stimulus to reform in these countries could be the prospect of increased foreign investment.

U.S. Policy Concerns

Creating Self-Sustaining Stability in the Balkans

The current goal of the United States and the international community in the Balkans is to stabilize the region in a way that is self-sustaining and does not require direct intervention by NATO-led forces and international civilian officials. In the longer term, the goal is to integrate them more fully into Euro-Atlantic institutions. Many in the United States and Europe are seeking to give the European Union a greater role in the region, with a correspondingly smaller role by the United States,

¹⁰ Council on Foreign Relations: Balkans 2010 report, at [<http://www.cfr.org>].

¹¹ European Commission, Directorate-General for Economic and Financial Affairs, "The Western Balkans in Transition," European Economy, No. 1, January 2003, available online at [http://europa.eu.int/comm/economy_finance], accessed on October 30, 2003.

at least as far as troop levels and aid are concerned. These goals have been given greater urgency by competing U.S. and international priorities that have emerged since September 11, 2001, such as the war on terrorism, and efforts to stabilize Iraq and Afghanistan, which have placed strains on U.S. resources.

Some senior U.S. Army officers have reportedly been concerned that their forces are overstretched and have sought the withdrawal U.S. troops in the Balkans as part of a global review of U.S. deployments.¹² Chairman of the Joint Chiefs of Staff Gen. Richard Myers said in September 2003 that a troop withdrawal from the Balkans was an option “on the table,” but that the United States would not withdraw its forces without consulting its European allies. Since taking office in 2001, the Administration has stressed that the U.S. peacekeeping forces went into the Balkans with the Europeans, and would leave together with them.

Although about 2,000 U.S. troops are currently deployed in the Balkans, experts estimate that three times as many troops are affected by the deployment, including those who are about to rotate into an assignment and retraining for troops who have rotated out. Moreover, constant deployments throughout the world may have a negative impact on re-enlistment throughout the U.S. military, including in the National Guard units that now play a key role in U.S. deployments to the Balkans. One alternative to a pullout from the Balkans and other deployments, an increase in the total size of the U.S. Army, has been resisted by the Administration.¹³

Reducing and Replacing SFOR and KFOR. There are currently about 7,000 European Union troops in Bosnia and 17,500 NATO-led troops in KFOR in Kosovo. There are currently about 100-200 U.S. troops in Bosnia and about 1,800 in KFOR in Kosovo. The reduction of SFOR and KFOR raises the question of whether these forces are still able to provide genuine security, particularly since the March 2004 riots in Kosovo.

EU takeover of the Bosnia Mission. In December 2004, the SFOR’s mission came to an end, and peacekeeping duties have been handed over to a European Union force of about 7,000 troops. The EU force is tasked with helping to maintain a secure environment in Bosnia and support Bosnia’s progress toward integration with the EU. NATO continues to have a headquarters presence in Sarajevo, with a residual U.S. force presence of 100-200 troops. The NATO presence continues to assist in efforts to promote defense reforms, combat terrorism, and assist the capture of persons indicted for war crimes.¹⁴

Although the situation in Bosnia is largely stable, some observers are concerned about the ability of the EU to act effectively without the United States. One concern is Europe’s political credibility in the region, particularly when dealing with the

¹² Judy Dempsey, Stephen Fidler and Peter Spiegel, “Pentagon Urged to Pull Out of Balkans,” *Financial Times*, September 17, 2003, 10.

¹³ Niels C. Sorrells and Colin Clark, “Undermanned and Overdeployed? Congress Debates Expanded Army,” *Congressional Quarterly Weekly*, August 2, 2003, p. 1978.

¹⁴ For more information, see CRS Report RS21774, *Bosnia and International Security Forces: Transition from NATO to the European Union*, by Julie Kim.

possible use of force. Observers say that the rivalries and internal divisions among European countries sometimes delay decisions and permit local actors to play some countries against others.¹⁵ Perhaps most importantly, the United States has special credibility with the Bosniaks, given the U.S. role in helping them to combat what they viewed as Serb aggression in the early 1990s, while the Europeans were perceived as reluctant to choose sides or use force to end their suffering.

Filling a Possible Security Gap. Another concern facing both Balkan deployments is who, if anyone, will fulfill the tasks that they are currently performing as military forces are withdrawn. One important issue is policing. Formally, SFOR and KFOR do not play a direct role in policing duties in Bosnia and Kosovo. However, they do provide “area security” by regular patrolling. In Bosnia, policing is the responsibility of local authorities, with EU monitoring and training. Experts say that the Europeans have policing capabilities that the United States lacks, such as the paramilitary forces that have operated in Bosnia and Kosovo for many years. France has proposed the establishment of an EU gendarmerie force to take part in such missions in the Balkans and elsewhere.¹⁶ Some analysts advocate a more robust mission for EU police in Bosnia, giving them the power to make arrests and use force, in order to fight organized crime. High Representative Paddy Ashdown, the leading international official in Bosnia, has attempted to push through reforms to reduce the control of the semi-autonomous “entities” within Bosnia over the police, provoking strong oppositions from the Republika Srpska, the largely Serb entity.

The March 2004 riots in Kosovo exposed serious weaknesses in policing and security in Kosovo. With notable exceptions, the local Kosovo Police Service did not perform very well, sometimes melting away in the face of the rioters and in a few cases joining them. CIVPOL, the U.N. police contingent in Kosovo, was hampered by a lack of cohesion and leadership. There were many reports of KFOR troops, outnumbered by the rioters and unwilling to fire on them, refusing to intervene to stop the destruction and looting of property. Some KFOR units reportedly failed even to protect Serb civilians and U.N. police from violence.¹⁷ After the riots, KFOR officers say they have taken steps to deal with these problems, including by establishing clearer lines of authority and consistent rules of engagement.

SFOR and KFOR have also played important roles in overseeing the military forces of Bosnia and Kosovo. SFOR inspected the military arsenals of Bosnia’s two armies, uncovers illegal weapons caches, and oversees the promotions of senior officers of the Bosnian Serb and Federation armies. SFOR and the Office of the High Representative worked together to reform the two Bosnian armies and reduce them in size. These reforms include the unification of Bosnia’s two armies under a single command structure, including a Minister of Defense and Chief of Staff. However, the armies would remain separate at lower levels. NATO has set a united

¹⁵ Discussions with U.S. Balkans experts, June-July 2003.

¹⁶ Judy Dempsey, “Paris Seeking EU ‘Gendarmes’ for Peace Missions,” *Financial Times*, October 6, 2003, 6.

¹⁷ For a detailed account of the riots and the response of UNMIK and KFOR to them, see International Crisis Group, “Collapse in Kosovo,” April 22, 2004, at the ICG website, [<http://www.crisisweb.org>].

command as a key condition for permitting Bosnia and Hercegovina to join the Partnership for Peace program. Bosnia must also cooperate fully with the International Criminal Tribunal for the Former Yugoslavia.¹⁸

KFOR monitors the Kosovo Protection Corps, which was formed in 1999 from the Kosovo Liberation Army. Although ostensibly meant to deal with civil emergencies, the KPC is seen by many of its members and many Kosovar Albanians as the nucleus of a future army of an independent Kosovo. In addition to overseeing the KPC, KFOR also monitors Kosovo's borders to ensure ethnic Albanian guerrillas do not use Kosovo as a springboard to destabilize neighboring countries, and that Serbian military forces stay out of the province. KFOR played an important role in forcing the dissolution of an ethnic Albanian guerrilla force in southern Serbia in 2000. However, members of the KPC played leading roles in an ethnic Albanian revolt against the Macedonian government. Although the conflict in Macedonia ended in 2001 after talks brokered by the EU and United States, a shadowy ethnic Albanian group calling itself the "Albanian National Army" continues to commit scattered acts of violence in Kosovo, southern Serbia and Macedonia with the alleged objective of uniting all ethnic Albanian lands.

In addition to hampering efforts by ethnic Albanian extremists to destabilize neighboring countries, KFOR's presence also deters possible Serbian aggression or military provocations against Kosovo, although an invasion of Kosovo by Serbian troops is unlikely to occur under the current pro-Western government in Belgrade. Nevertheless, escalation over flashpoints, such as Mitrovica, is possible. The danger could be increased if the ultranationalist Radical Party comes to power in Serbia. Given these concerns, the stabilizing presence of KFOR may be needed until there is a mutually accepted determination of Kosovo's status.

Reorganizing the International Civilian Presence in the Region.

Another issue, closely linked to SFOR and KFOR's future, is how to reorganize the international civilian presence in the region. Some experts suggest that ad hoc arrangements cobbled together at the end of the conflicts in Bosnia and Kosovo, under which local authorities are supervised and sometimes overruled by international bureaucracies, should be phased out. They believe that the two main forces for Euro-Atlantic integration, the European Union and NATO, should have a clear leading role in the region, but through advice and aid, not direct rule. In the EU, this takes the form of the Stabilization and Association process, and perhaps in the more distant future, accession to the EU.

At present, only Croatia and Macedonia have Stabilization and Association agreements. Kosovo cannot participate in the SAA process because it is deemed to be part of Serbia. NATO's role would take place mainly through PFP and in the longer term, the Membership Action Plan process, as has already occurred in the case of Croatia. Responsibilities for prosecuting war crimes would shift from the ICTY to local courts, especially after the two most notorious indictees, former Bosnian Serb leader Radovan Karadzic and former Bosnian Serb army chief Ratko Mladic are

¹⁸ "Testimony of Gen. William L. Nash (ret.) at a hearing before the House International Relations Committee, Subcommittee on Europe, April 10, 2003, Serial no. 108-13.

turned over to the Tribunal. U.N. Security Council Resolution 1503 calls for the ICTY to complete its investigations by 2004, its trials by 2008 and all appeals by 2010. In Bosnia, High Representative Ashdown has worked with the ICTY to create a new war crimes court to try future war crimes cases within Bosnia. The United States and other countries assisted Serbia's efforts to set up their own war crimes court.

Under this scenario, the United States would gradually play a smaller role in the region over time, acting largely through NATO and providing bilateral aid in selected areas, such as reform of intelligence and internal security bodies, military reform and rule of law assistance. However, the prestige and credibility that the United States has in the region will likely still be needed to exercise leadership in resolving some of the most difficult issues, such as the arrest of war criminals and the status of Kosovo.¹⁹

One problem with reducing the direct role of the international community in the region is a familiar one: the dilemma of either imposing the policies that it wants on local figures, or accepting local solutions that are often incompatible with international goals. One possible solution advocated by some experts is a burst of increased activism by the international community in the short run, for example to capture war criminals and break the power of organized crime, in order to prepare the way for a reduction in the direct international role later. To some extent, this is occurring already, for example in Bosnia, where High Representative Paddy Ashdown has imposed changes to laws in order to strengthen the central Bosnian state at the expense of the entities. However, it remains to be seen what staying powers these changes will have if they are not backed by local political forces when OHR's role in Bosnia ends, even when backed by aid conditionality. Similar questions may be asked of UNMIK's policies in Kosovo, particular since UNMIK is turning over more of its tasks to the local Kosovo government.

Resolving the Status of Kosovo. The future of the international presence in Kosovo is closely related to the future status of the province. The international community is increasingly preoccupied with other global challenges, and may seek to move forward on the issue of a final settlement in order to begin to wind down the international presence in Kosovo. Some experts believe that the Kosovo status issue cannot be postponed to an indefinite future. They believe that it is unrealistic to try to ignore the clearly expressed desire of the overwhelming majority of the population of Kosovo on the issue. They are also concerned that failure to clarify the issue could strengthen the hand of ethnic Albanian extremists, perhaps leading to an increase in violence. Some Kosovars claim that continued uncertainty over Kosovo's ultimate future has had a negative impact on such issues as privatization and attracting foreign investment.

Some experts call for negotiations on status in the near future. In January 2005, the International Crisis Group produced a report advocating the opening of talks on Kosovo's final status in 2005. The report considers "conditional independence" as

¹⁹ Council on Foreign Relations, *Balkans 2010: Report of an Independent Task Force*, December 2002, at [<http://www.cfr.org>].

a possible outcome. It suggests that Kosovo should receive independence in exchange for pledges from Kosovo to rule out the establishment of a greater Albania and to respect the rights of ethnic minorities. It calls for a Kosovo constitution to be drawn up as part of the status talks that would provide for oversight by international bodies and the continued participation of international judges in Kosovo's legal system.²⁰

Some observers believe that the U.S. may have to play a leadership role in dealing with Kosovo, not only because of its role as the world's leading power, and therefore more able to act more decisively than the EU, but also because it is the only country that ethnic Albanians in Kosovo trust. The United States played the key role in establishing the mid-2005 review date for Kosovo's progress toward the standards.

U.S. and International Aid in the Balkans

Since the end of the wars in the region, U.S. aid has gradually declined, in part due to a natural shift from humanitarian aid to technical assistance and partly due to a focus on assistance to other regions of the world. U.S. bilateral assistance appropriated under the SEED Act (which now almost exclusively focuses on Balkan countries) fell from \$621 million in FY2002, to \$442 million in FY2004, to an estimated \$393 million in FY2005. The Administration requested \$382 million in SEED assistance for FY2006.²¹

Given increasingly constrained resources, the Administration's assistance strategy is focused on programs to create effective governance, bolster civil society, and promote entrepreneurship. This assistance includes strengthening political parties, judicial systems and non-governmental organizations, and aid to small businesses. Security services reform is also critical, as these organizations are seen to harbor hardliners who impede the rule of law. Although modest when compared to EU and other sources, some observers say that U.S. aid has been useful, because of its relatively quick and efficient delivery, and also because of the contacts it promotes between professionals in such fields as political party-building and NGO development.²²

U.S. bilateral aid plays a lesser role in assisting macroeconomic reforms, restructuring local industries and the banking sector, and rebuilding infrastructure, although the United States provides important advice in these areas through technical assistance programs. Most funding for these functions are performed by international financial institutions such as the International Monetary Fund, World Bank, and the European Bank for Reconstruction and Development. U.S. officials see the EU as playing the leading role in providing assistance to reform these

²⁰ See Kosovo: Toward Final Status, International Crisis Group, January 24, 2005, at [<http://www.crisisweb.org>].

²¹ FY2006 Budget Request, Summary and Highlights: International Affairs Function 150, from the State Department website [<http://www.state.gov>].

²² German Marshall Fund of the United States, "Future Directions for U.S. Assistance in Southeastern Europe," February 2001.

countries along EU lines, perhaps eventually leading to EU membership. As these countries move closer to EU standards, the more advanced countries could “graduate” from U.S. assistance.²³

Some U.S. and European experts have criticized what they view as a lack of vision by the EU in its policy toward the region. Under its aid program for the region, EU has allotted 4.65 billion Euro (\$5.95 billion, at current exchange rates) from 2000-2006. However, aid has decreased significantly over the past few years, from 805 million Euro in 2001 (\$1.03 billion) to 548 million Euro (\$701 million) in 2004.²⁴ Skeptics of EU policy say this decrease in resources appears at odds with commitments made at the June 2003 Thessaloniki EU summit with the countries of the Western Balkans. At the summit, EU leaders recognized the countries of the region as prospective EU members. Critics point to generous EU pre-accession aid given to Central European countries and to neighboring Bulgaria and Romania as a model, saying more extensive aid could help the Balkan countries restructure their economies and legal systems more quickly to meet EU conditions for membership, while bringing local living standards somewhat closer to EU standards.²⁵

Regional leaders, particularly those from countries with ambitions for early EU membership such as Croatia and Serbia, were disappointed with the results of the summit, saying that the lack of a clear road map for their possible admission to the EU would make it harder for them to secure the necessary domestic consensus needed to move reforms forward. Skeptics may argue that EU membership is such a distant goal for these countries that a timetable for membership would be little more than an empty gesture. After all, it has taken more than 12 years from the fall of communism until the present for the more advanced countries of Central Europe to reach the brink of EU membership. With the possible exception of Croatia, the countries of the region may have to wait similarly long periods for possible membership. However, it is possible that increased funding and advice that would come with pre-accession status could make a substantial difference in the progress of the region.

EU officials say current aid levels to these countries are adequate, and that progress toward membership lies mainly in the hands of the countries themselves. They also point to the “European Integration Partnerships” program adopted at the summit. These partnerships, modeled on similar assistance provided to the pre-accession countries, are designed to provide better tailored advice to the countries of the region.²⁶ EU countries have a substantial interest in the stability of the Balkans. The region’s problems already have a substantial impact on EU countries, in such areas as trafficking in drugs and persons. The effect could be considerably worse if the region deteriorates into chaos and conflict. However, it is possible that the EU’s

²³ Discussions with U.S. officials.

²⁴ CARDS financial statistics at the European Union website [http://europa.eu.int/comm/europeaid/projects/cards/financial_en.htm].

²⁵ Discussions with U.S. and European Balkans experts.

²⁶ EU-Western Balkans Summit Declaration, June 21, 2003, at EU Commission External Relations website [http://europa.eu.int/comm/external_relations/see/].

other problems, such as managing the wave of new members in 2004, adopting a new constitution, and budgetary pressures faced by key member states, may make providing additional resources for the Balkans difficult.

The War on Terrorism and the Balkans

Since the September 11 attacks on the United States, the war on terrorism has been the United States' main foreign policy priority and has had an impact on U.S. policy in the Balkans. Bosnia has been a significant haven for Al Qaeda and other terrorist groups in the Balkans, due to their participation in the Bosnian war of 1992-1995. A small number of Muslim fundamentalist fighters fought for the Bosniak (Bosnian Muslim) army during the war. Most left Bosnia at U.S. insistence after the deployment of IFOR (later SFOR) in December 1995. A few stayed, and become Bosnian citizens by marrying local women. Al Qaeda ties with several Islamic charities and humanitarian organizations proliferated in Bosnia during and after the war. Some Al Qaeda operatives in Bosnia reportedly have connections to members of Bosnia's intelligence service, a legacy of Bosniak wartime cooperation with Islamic militants. Terrorist groups have also operated from Albania. There have been few reports of terrorists operating from Kosovo.²⁷ It should be stressed that opposition to terrorism among Muslims in the Balkans has been remarkably strong. Bosniak, Albanian and Kosovar Albanian Muslims are generally more secular in outlook than Muslims elsewhere. Most view themselves as part of Europe and are grateful for the perceived U.S. role in defending them against Serbian aggression. Efforts by Islamic extremists to recruit local Muslims into their organizations have met with limited success.²⁸

The 2003 State Department Patterns of Global Terrorism report notes that "despite limited resources, the countries of southeast Europe have actively supported the international Coalition against terrorism. Albania, Serbia-Montenegro, Bosnia and Herzegovina, Croatia, and Bulgaria cooperated to combat organized crime and various forms of trafficking, enhance border security, and improve training for border security personnel." The report says that Bosnia has shut down non-governmental organizations with links to terrorism and has frozen terrorist assets. Albania has taken similar steps. Bosnia has arrested and transferred several terrorist suspects to U.S. control. However, local efforts to fight terrorism are sometimes hampered by the weakness of government institutions. On the other hand, the presence of SFOR and KFOR also provide important resources for anti-terrorist efforts in the region. NATO troops and intelligence services work with their local counterparts and independently to track down and arrest suspected terrorists.

Perhaps as important as the threat of Muslim extremists in the Balkans is the high level of corruption and organized crime in the region, often connected with the security structures of the countries involved. One of the most serious incidents affecting U.S. interests in the region was posed by the sale of arms to Iraq by Bosnian Serb and Serbian firms, uncovered in 2002. U.S. assistance to promote the rule of

²⁷ U.S. State Department, Patterns of Global Terrorism, May 2003, at the State Department website [<http://www.state.gov>].

²⁸ Discussions with U.S. officials.

law and fight corruption and organized crime may not only boost the long-term stability of the region, but may prove to be an important component of the effort to fight terrorism, drugs, trafficking in persons, and other threats to U.S. interests in the region.

The Role of Congress in U.S. Balkans Policy

Congress has played an important role in shaping U.S. Balkans policy. Members of Congress spoke out strongly against atrocities by Serbian forces in Croatia and Bosnia in the early 1990s. Some Members pushed for lifting the arms embargo against the Bosniaks, so that they could better defend themselves. Congressional pressure may have encouraged the Clinton Administration to play a bigger role in stopping the fighting in Bosnia, ultimately culminating in the Dayton Peace Accords in 1995. Congress also played an important role in supporting the International Criminal Tribunal for the Former Yugoslavia and pressing for the arrest and transfer of indictees.

Despite the activism of some Members on these issues, many in Congress remained cautious about U.S. military involvement in the Balkans. The deployment of U.S. peacekeepers in Bosnia in 1995 and the air war in Kosovo in 1999 provoked heated debate in Congress, in part due to policy disagreements, in part due to partisan conflict between the Clinton Administration and a Republican-led Congress. However, despite sometimes harsh criticism, both military missions received full congressional funding. Nevertheless, concerns about the costs of open-ended missions led Congress to try several strategies to limit these uncertainties. These included pushing the Administration to set benchmarks for the deployments and to report on them. Congress also sought to limit U.S. engagement by pushing for greater burdensharing. As a result of legislation and congressional pressure, the U.S. aid and troop contributions in Bosnia and Kosovo have been capped at no more than 15% of the total contributions of all countries.

The end of the wars in the Balkans and the shift in U.S. priorities in the wake of the September 11 attacks have moved the Balkans to the periphery of congressional concerns, at least when compared to the situation in the 1990s. However, Congress continues to have an important impact in several areas. Foreign operations appropriations bills have made modest reductions in SEED funding cuts proposed by the President, and have shown particular support for aid to Montenegro, in recognition of that republic's resistance to the Milosevic regime until the Serbian leader's ouster in 2000.

Congress has also played a critical role in helping to bring Serbian war criminals to justice. Since 2000, Congress has included provisions in foreign operations appropriations bills that attached conditions to U.S. aid to Serbia, requiring cooperation with the war crimes tribunal, ending support to Bosnian Serb structures, and respect for minority rights. The FY2005 foreign aid appropriations bill, part of an omnibus appropriations bill (P.L.108-447), also contains the aid conditions. The measure specifically calls for Ratko Mladic to be transferred to the tribunal. It can be argued that these provisions were a key catalyst for Milosevic's transfer to The Hague in 2001, as well as the transfer of many others since then. However, the fear

of suspected war criminals that they would be turned over to the Tribunal to comply with the aid criteria may have led to the murder of Prime Minister Djindjic in March 2003. A backlash against U.S. pressure to cooperate with the Tribunal may have also helped the ultranationalist Radical Party become the largest party in the Serbian parliament after December 2003 elections in Serbia.²⁹ The Radicals were excluded from the Serbian government formed after the election, but the current, weak coalition government in Serbia has a poor record of cooperation with the Tribunal, according to U.S. officials, resulting in cuts in U.S. aid to Serbia. It is possible that the 109th Congress will also take up the aid conditionality issue.

Another Balkan issue on which some Members focused in the 108th Congress is the status of Kosovo. Several House and Senate resolutions (H.Res. 11, H.Res. 28, and S.Res. 144) were introduced that dealt with the issue, some of them supporting independence for Kosovo. However, while some Members have strongly favored Kosovo's independence, others have been leery of taking steps that they believe could destabilize the region or run counter to Administration policy, which opposes determining Kosovo's status at this time. H.Res. 28 was discussed at a House International Relations Committee hearing on Kosovo's future in May 2003 and at a markup session on the resolution in October 2004, but was not voted on by the Committee and did not receive floor consideration in the 108th Congress.

In the wake of the March 2004 violence in Kosovo, several resolutions were introduced to condemn the attacks as well as subsequent attacks on Islamic sites in Serbia. These included H.Res. 587, introduced by Representative Christopher Smith and H.Res. 596, introduced by Representative Burton. On April 8, the Senate agreed by unanimous consent to S.Res. 326, introduced by Senator Voinovich. The resolution, a slightly modified companion version of H.Res. 596, strongly condemned the violence; recognized the commitment of Kosovo and Serbian leaders to rebuild what had been destroyed and encourage the return of refugees; called on leaders in Kosovo to renounce violence and build a multi-ethnic society based on the standards for Kosovo; recommended the restructuring of UNMIK; and urged the reinvigoration of dialogue between Kosovo and Belgrade. The resolutions note U.S. and international support for the "standards before status" policy.

The 109th Congress may also take up the issue of Kosovo's status. On January 4, 2005, Representative Tom Lantos introduced H.Res. 24, which expresses the sense of the House that the United States should support Kosovo's independence.

²⁹ For more information, see CRS Report RL30371, *Serbia and Montenegro and U.S. Policy*, by Steven Woehrel.